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No. 94-1437

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* AND BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER

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MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER

Pursuant to Supreme Court Rule 37.2, SmithKline Beecham Corporation[1] ("SmithKline") hereby respectfully moves for leave to file the attached brief *amicus curiae* in support of the Petition for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit")

[1] The parent company of *amicus curiae* SmithKline Beecham Corporation is SmithKline Beecham PLC. All of SmithKline Beecham Corporation's subsidiaries are wholly owned.

filed by Petitioner in this case. Petitioner has consented, and the original letter from Petitioner's counsel evidencing such consent has been filed with the Clerk of this Court. Respondents refused to give their consent, in telephone conversations between the undersigned and the respective counsel for respondents on March 27, 1995, thereby necessitating this motion.

As a leading pharmaceutical and consumer healthcare product company, SmithKline has a long-standing interest in preventing intentional copying of its famous trademarks and trade dress for the purpose of trading off of the favorable and well-known quality and reputation of SmithKline and its products. SmithKline's ability to control its reputation and to prevent confusion among consumers is dependent upon SmithKline's ability to enjoin attempts by competitors to purposely simulate SmithKline's trademarks and trade dress in order to sell their products.

In this case, the Federal Circuit has created an exception to the traditional rule of law that intentional copying of trademarks or trade dress which is likely to result in consumer confusion constitutes infringement. The Federal Circuit's decision exempts private label manufacturers from this rule and will allow them to intentionally copy SmithKline's trademarks and trade dress without liability for infringement.

The exception created by the Federal Circuit has no basis in either the Lanham Act, 15 U.S.C. §§ 1051 *et seq.* or the case law. The statute specifies that it is actionable for "*any person*" to use a reproduction, counterfeit, copy or colorable imitation of a registered mark, or a word, term, symbol or device, or a false designation of origin that is likely to cause confusion or mistake, or to deceive. The statute embodies the principle that trademarks are the essence of competition which must be protected, regardless of the status of the party that commits the infringement.

The Federal Circuit's decision is in conflict with the courts that have specifically considered the policy of making a house brand or private label product resemble the national brand and have found such a policy to be inherently unfair and contrary to the purpose of the Lanham Act.

Finally, the Federal Circuit's decision condones the respondents' strategy of intentionally copying the trade dress of the petitioner for the purpose of indicating to consumers that respondents' product is a comparable, lower-priced alternative to petitioner's product. In so doing, the Federal Circuit is in conflict with this Court's prior holding that inducing a consumer to purchase an arguably good product, instead of the product of the consumer's preference, by misappropriating another's trademark is impermissible.

This brief *amicus curiae*, for which SmithKline is requesting permission to file, will address the Federal Circuit's departure from the statute and case law, including prior holdings of this Court.

For the foregoing reasons, SmithKline respectfully moves for leave to file the attached brief *amicus curiae*.

Respectfully submitted,

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SmithKline Beecham Corporation ("SmithKline") respectfully submits this brief *amicus curiae* in support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit filed by Petitioner, Conopco, Inc. d/b/a Chesebrough-Pond's USA Co. SmithKline joins Petitioner in seeking a review of the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in *Conopco, Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

INTEREST OF THE *AMICUS CURIAE*

SmithKline is one of the world's leading pharmaceutical and consumer healthcare product companies. The company is engaged in the development, manufacture and sale of a wide array of prescription and over-the-counter healthcare products. Among SmithKline's well-known products are CONTAC allergy and sinus medicine, TUMS antacid, SUCRETS sore-throat remedies and GERITOL iron and mineral supplement. SmithKline spends tremendous amounts of time and money annually to develop and promote the distinctive trademarks and trade dress of its products, resulting in an extremely valuable goodwill and reputation that are relied upon by consumers in making purchasing decisions.

As would be expected, the participants in the consumer healthcare products industry compete intensely to win consumer purchasing decisions. SmithKline accepts and expects that it will be confronted with aggressive tactics from its competitors; however, the Federal Circuit's decision grants certain of SmithKline's competitors — private label manufacturers — a license to compete outside the traditional bounds of legitimate competition. The Federal Circuit's decision will allow private label manufacturers to intentionally copy the trade dress of the packaging for SmithKline's products.

SmithKline undertakes extensive advertising and promotional efforts to ensure that the distinctive and unique trademarks and

trade dress of its products are instantly recognizable in the marketplace and that consumers can be confident about the source and quality of these products. SmithKline has actively tried to stop the unfair practice of many private label companies of copying its valuable trademarks and trade dress by developing a unique trade dress for each of its products and by policing the marketplace. The private label competitor practice of copying the trade dress of SmithKline's famous products constitutes theft of valuable intellectual property rights. Such predatory behavior by private label manufacturers unfairly trades upon the goodwill of SmithKline's famous brands to the ultimate detriment of the consumer.

SmithKline has in the past been able to ward off unfair competition with the well established jurisprudence that intentional copying which is likely to cause consumer confusion constitutes trademark or trade dress infringement. The Federal Circuit's decision has now created an exception for private label manufacturers, pursuant to which they may copy SmithKline's product trade dress and trademarks at will. The implication of this decision for SmithKline — and the basis of SmithKline's interest in this case — is an inability to stop blatant and intentional infringements of its intellectual property rights by private label companies.

REASONS FOR GRANTING THE PETITION

I. THE EXCEPTION CREATED BY THE FEDERAL CIRCUIT FOR PRIVATE LABEL MANUFACTURERS IS NOT SUPPORTED BY THE STATUTE OR THE CASE LAW

By its terms, the Lanham Act excepts no class of defendants from liability for trademark or trade dress infringement. Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1) provides in pertinent part that "*any person*" who uses a reproduction, counterfeit, copy or colorable imitation of a registered mark which is likely to cause confusion or mistake or to deceive "*shall be liable in a civil action*" by the registrant.

Likewise, Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), indicates that "*any person*" who uses a word, term, name, symbol or device, or any false designation of origin which is likely to cause confusion or mistake or to deceive "*shall be liable in a civil action.*"

The statute explicitly sets forth, in Section 45, 15 U.S.C. § 1127, that "[t]he intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce . . . [and] to protect persons engaged in such commerce against unfair competition." There is no qualification of the rights and remedies afforded by the Lanham Act and no exemptions based on the kind of entity that a defendant may be.

This is due to the early recognition by Congress of the purposes of providing trademark protection:

> Trademarks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trademarks

> encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trademarks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.

S. Rep. No. 1333, 79th Cong., 2d Sess. 1275 (1946). These fundamental purposes leave no room for exception of certain competitors merely because of their business status, *i.e.*, private label manufacturers.

Courts have specifically rejected any such exception. For example, in *The Kroger Company v. Johnson & Johnson*, 570 F.Supp. 1055 (S.D. Ohio 1983), the court cited plaintiffs' "policy of making a house brand resemble a national brand, by both color and the shape of the package" (the same policy applied by the respondents and endorsed by the Federal Circuit) and found

> There is something inherently unfair in the effort by plaintiffs to avail themselves of the name and goodwill of TYLENOL. Defendants have expended millions of dollars in advertising their product to the American public. To permit a bystander who has spent a minimum of time, money, and effort in developing its product to profit by marketing the identical commodity with a similar name and packaging is contrary to the stated Congressional purpose of the Lanham Act.

Id. at 1060.

The statute and the case law follow the long recognized principle that there are unlimited choices of trademarks and trade dress which can be adopted by those who wish to compete fairly:

> It is so easy for the honest business man, who wishes to sell his goods *upon their merits*, to select from the entire material universe which is before him, symbols, marks, and coverings which by no possibility can cause confusion between his goods and those of competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them.

Florence Mfg. Co. v. J. C. Dowd & Co., 178 F. 73 (2d Cir. 1910) (emphasis added). There is no logical reason why this suspicion should be any less when the defendant is a private label manufacturer.

The Federal Circuit's decision to create an exception to liability for infringement by an intentional copier, simply because it is a private label manufacturer, is contrary to the statute and the case law and should be reviewed by this Court.

II. THE SUPREME COURT HAS EXPRESSED DISFAVOR OF THE IMITATION OF PRODUCT PACKAGING IN ORDER TO CHANGE CONSUMER PREFERENCES

National brand manufacturers such as SmithKline rely heavily on trademarks and trade dress in the marketing of their consumer products. Trademarks foster competition between products on the merits, because the trademark identifies the source of the products and represents the reputation of the trademark owner and the other intangible desirable qualities of the product. National brand manufacturers, accordingly, engage in extensive advertising and promotion of their trademarks and products to create consumer demand for and acceptance of the products.

By contrast, private label products are specifically designed to be lower-priced alternatives to national or full-branded products.

Without the benefit of the advertising, promotion and cultivated reputation of national brands, it is the task of the private label manufacturer to convince the consumer that the private label product is of comparable quality to the national brand of the consumer's preference, to entice the consumer to try its private label product instead of the national brand of the consumer's preference, and, as a result, to change the consumer's preference. However, the Supreme Court has indicated that creating consumer interest by adopting the trade dress of the national brand and thereby conveying the reputation and the cachet of the national brand would not be an acceptable means of accomplishing this task.

This Court has stated that, in cases in which a seller induces the public to purchase an arguably good product by misappropriating another's trademark, he or she impermissibly deceives consumers:

> [T]he seller has used a misrepresentation to break down what he regards to be an annoying or irrational habit of the buying public — the preference for particular manufacturers or known brands regardless of a product's actual qualities . . . [T]he seller reasons that when the habit is broken the buyer will be satisfied with the performance of the product he receives. Yet, a misrepresentation has been used to break the habit and . . . a misrepresentation for such an end is not permitted.

Federal Trade Commission v. Colgate-Palmolive Co., 380 U.S. 374, 388-89 (1965).

Subsequent decisions of other courts have concurred that a substantially similar trademark cannot be used to attract consumer interest. *See, e.g., Mobil Oil Corporation v. Pegasus Petroleum Corporation*, 818 F.2d 254 (2d Cir. 1987) (finding infringement based on confusion that creates initial consumer interest); *G.D.*

Searle & Company v. MDX Purity Pharmacies, Inc., 275 F.Supp. 524, 529 (C.D. Cal. 1967) (in finding infringement by defendant private label marketer, the court relied on the fact that "Daylin adopted the name of MUCILIN for its product because it was similar to METAMUCIL and for the purpose of attracting the attention of the buying public to same ... because [METAMUCIL] was the leader in the field, was known for its excellence and Daylin hoped that customers would be attracted by the name MUCILIN and might well purchase it instead of METAMUCIL by reason of its similarity in content and economy in price").

The Federal Court's decision allows private label manufacturers to willfully utilize the identifying trade dress of national brands to foster initial consumer interest in their private label products rather than selling their products on the merits, which is contrary to this Court's prior holdings. Thus, the decision raises an important question of federal law which should be settled by the Court.

CONCLUSION

For the reasons set forth above, a Writ of Certiorari should issue to review the judgment and opinion of the Federal Circuit in *Conopco, Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

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